

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 721 Professional Sports Franchise Facilities

SPONSOR(S): Finance & Tax Subcommittee

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Finance & Tax Subcommittee		Pewitt	Langston

SUMMARY ANALYSIS

The bill allows an applicant which has previously been certified as a new or retained professional sports franchise facility to receive a second certification under 288.1162, F.S. and receive a distribution from sales tax revenues of \$2 million per year. In order to qualify for this second certification, an applicant must meet certain standards, including that they must have projections showing that the facility will generate at least \$4 million per year in sales and use tax revenues. The money received pursuant to such certification must be used to acquire, construct, reconstruct, or renovate a facility. The second certification is limited to facilities located in a consolidated county, and only one facility may be certified under the new provisions.

The bill has an effective date of upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current situation

Professional Sports in Florida

Florida currently has 9 major professional sports teams.¹ The oldest major professional sports team in the state is the Miami Dolphins football franchise of the National Football League (NFL). The Dolphins franchise began in 1966. The newest major professional sports team in the state is the Tampa Bay Rays baseball franchise of the Major League Baseball (MLB) league. The Rays franchise began in 1998.

In addition to the nine major professional sports teams, Florida is also home to 33 Minor League franchises in various sports and three Arena Football League teams. MLB's Spring Training Grapefruit League is also based in Florida, with 15 teams claiming the state as their second home for preseason training and exhibition games.

State Incentives for Professional Sports Teams

Section 288.1162, F.S., provides the procedure by which professional sports franchises in Florida may be certified to receive state funding for the purpose of paying for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise. Local governments, non-profit, and for-profit entities may apply to the program.

The Department of Economic Opportunity (DEO) is responsible for screening and certifying applicants for state funding. Applicants qualifying as new professional sports franchises may not have been based in Florida prior to April 1, 1987. Applicants qualifying as retained professional sports franchises must have had a league-authorized location in the state on or before December 31, 1976, and be continuously based at that location. The number of certified professional sports franchises, both new and retained, is limited to eight.

For both new and retained franchises, DEO must verify that:

- A local government is responsible for the construction, management, or operation of the professional sports franchise facility, or holds title to the property where the facility is located;
- The applicant has a verified copy of a signed agreement to use the facility with a new professional sports franchise for at least 10 years, or for 20 years in the case of a retained franchise;
- The applicant has a verified copy of the approval by the governing body of the NFL, MLB, NHL, or NBA authorizing the location;
- The applicant has projections demonstrating a paid attendance of over 300,000 annually;
- The applicant has an independent analysis demonstrating that the amount of sales taxes generated by the use or operation of the franchise's facility will generate \$2 million annually;
- The city or county where the franchise's facility is located has certified by resolution after a public hearing that the application serves a public purpose; and
- The applicant has demonstrated that it will provide financial or other commitments of more than one-half of the costs incurred for the improvement or development of the franchise's facility.

Any applicant certified pursuant to this section may receive monthly payments from the state of \$166,667 for not more than 30 years, for an annual payment totaling \$2,000,004. The Department of Revenue disburses the payments, which are taken out of sales tax revenues.

¹ Department of Economic Opportunity, *Professional Sports Franchises* (January 8, 2013).

Payments may only be used for the purpose of paying for the acquisition, construction, reconstruction, or renovation of the facility; reimbursing associated costs for such activities; paying or pledging payments of debt service on bonds issued for such activities; funding debt service reserve funds, arbitrage rebate obligations, or other amounts payable with respect to bonds issued for such activities; or refinancing the bonds. The state may only pursue recovery of funds if the Auditor General finds that the distributions were not expended as required by statute.

No facility may be certified more than once, and no sports franchise can be the basis for more than one certification unless the previous certification was withdrawn by the facility or invalidated by DEO before any funds were disbursed under s. 212.20(6)(d), F.S.

As of January 8, 2013, there were eight certified professional sports franchise facilities in Florida. The facilities and the payment distribution for each are listed below:

Facility Name	Certified Entity	Franchise	First Payment	Total to Date
Sun Life Stadium	Dolphins Stadium/South Florida Stadium	Florida Marlins	06/94	\$39,166,745
Everbank Field	City of Jacksonville	Jacksonville Jaguars	06/94	\$37,333,408
Tropicana Field	City of St. Petersburg	Tampa Bay Rays	06/95	\$35,166,737
Tampa Bay Times Forum	Tampa Sports Authority	Tampa Bay Lightning	09/95	\$34,833,403
BB&T Center	Broward County	Florida Panthers	08/96	\$33,000,066
Raymond James Stadium	Hillsborough County	Tampa Bay Buccaneers	01/97	\$29,666,726
American Airlines Arena	BPL, LTD	Miami Heat	03/98	\$29,666,726
Amway Center	City of Orlando	Orlando Magic	02/08	\$10,000,020

Proposed changes

The bill would allow any applicant which has previously received a certification as a new or retained professional sports franchise facility under section 288.1162 to receive an additional certification for the purpose of acquiring, constructing, reconstructing, or renovating a facility if:

- The cost of the renovation exceeds \$80 million,
- The franchise has existed for at least 15 years,
- The franchise has at least 15 years left in a signed agreement to use the facility,
- The applicant has an independent analysis projecting that the facility will generate at least \$4 million in sales tax revenues each year,
- The applicant has an independent study from an engineering company detailing the nature and projected costs of a renovation,
- The facility is located in a county that operates under a government consolidated with that of one or more municipalities in the county.

The Department of Economic Opportunity is authorized to certify no more than one applicant under the new subsection created in the bill.

The bill also amends section 220.12, F.S. to require the Department of Revenue to distribute \$166.667 monthly (\$2 million annually) to any applicant which has received a second certification pursuant to this bill. Such distribution would be in addition to any distribution received pursuant to the applicant's previous certification as a new or retained professional sports franchise facility.

B. SECTION DIRECTORY:

Section 1: Allows a team which has previously been certified under section 288.1162, F.S., to receive a second certification under certain conditions.

Section 2: Amends section 212.20, F.S., to specify that the Department of Revenue shall distribute money to an applicant certified under these provisions.

Section 3: Provides an effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference (REC) has not adopted an estimate of the impact of this bill. Based on REC estimates of similar bills, staff estimates that the bill can be expected to have a -\$2 million annual impact on state general revenues, possibly beginning in fiscal year 2013-2014.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The provisions of the bill may encourage stadiums to undertake a major renovation, which could have positive impacts on the construction sector. Additionally, such renovations could have a positive impact on ticket sales and other sales associated with sporting and other events.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES